

Dr. Donald E. Williamson
State Health Officer
Chair, Alabama Medicaid Advisory Commission

Dear Dr. Williamson:

On behalf of Mercy Medical, Mercy LIFE and all the healthcare organizations that have invested in developing PACE in the State of Alabama over the last 3 years, we are writing to offer comments and recommendations to the Alabama Medicaid Advisory Commission as it deliberates the future of Medicaid. With the deadline for the commission to present the Governor with its recommendations fast approaching, we respectfully request that you include in your recommendations the continuance and expansion of the Program for All-inclusive Care for the Elderly (PACE) by offering PACE as a dedicated option along side the chosen managed care model. It is our belief that PACE can be a critical part of the solution you are seeking, to modernize the Alabama Medicaid program.

With a 30+ year track record of successfully providing care to those who have been the most complex to treat, the most expensive, and who have placed the greatest demands on family care- givers, PACE is a valuable resource for policymakers working to improve the cost and quality of health care. PACE is an innovative, fully-integrated provider of care for the frailest and most costly members of our society, allowing program participants to stay in their homes and communities and out of nursing homes. Led by a comprehensive, interdisciplinary care team, PACE bundles Medicare and Medicaid payments to provide the full range of health care services a person needs for a fixed rate.

Furthermore, as the only fully integrated managed care option with a 20 year history of demonstrating rate stability, good health care outcomes and enrollee satisfaction, PACE has been called the gold standard for older adult care, because it focuses on prevention and wellness, and results in health improvements for its clients and cost savings for States. PACE achieves these standards as a result of its unique care model, provider-based managed care sponsorship, and integrated financing model. All the reasons why we believe PACE is part of the solution to modernize Alabama's Medicaid program for the future.

1. PACE Integrates Care. PACE reflects the states' interest and would contribute to the state's goals of better ensuring financial stability for Medicaid while improving patient care, by integrating and coordinating care.
2. PACE Accepts Full Financial Risk for ALL Medicaid funded Services. PACE organizations are fully accountable for all financial costs and risks, including nursing home care, if needed by participants. Unlike most state Medicaid managed care programs, PACE assumes full financial risk for ALL nursing home care. As such, PACE provides the State with precisely predictable costs for long-term services and supports for frail, older adults.
3. PACE Fully Integrates all care, not just Medicaid and Medicare Financing. In contrast to health plans which received integrated financing as a means to support efforts to integrate

independent service providers within their service delivery network, PACE fully integrates services provided by employed staff. For the frail elderly individuals enrolled in PACE, half of whom have some form of dementia and need daily care and monitoring, PACE is a far more appropriate and effective model of care than that offered by insurance company sponsored health plans within which, even with the support of case management, frail individuals often struggle to navigate and access the right care in the right measure in the right place.

4. PACE Helps Prevent the Need for Costly Institutions in the Future. The significance of cost effective efforts to improve community-based care of those who might otherwise be institutionalized has great budgetary significance. With the prospects of millions of “baby boomers” and Veterans living longer, but often with serious chronic medical problems, without programs such as PACE, the State may need to provide more nursing home care in the future and the enormous “bricks and mortar” costs of constructing institutions. Not only does PACE accept full financial risk for needed nursing home care only less than 10% of individuals enrolled in PACE permanently reside in a nursing home.
5. PACE is Experienced with Serving the Frailest and Most Costly Dual Eligibles. Not all dual eligibles are the same and they require different levels of care. PACE has experience serving the frailest subset of dual eligibles, those individuals requiring nursing home level of care. About 90 percent of PACE participants are dually eligible, have significant disabilities and chronic illnesses, and are dependent on others to help them with basic activities of daily living, such as eating, bathing, transferring, toileting and dressing. Without PACE, many of these frail adults would be in nursing homes. Because PACE organizations are providers of care, not large insurers, they provide direct care to frail, older adults who require intensive care coordination and services. The end result is keeping them out of the nursing home and saving additional costs to Medicaid. On any given day, PACE enables over 90 percent of its participants to remain in the community and out of nursing homes.

From primary care and prevention to care coordination, accountability and bundled payments, the following are pathways PACE has pioneered in effective health care delivery and align with the stated goals of Alabama’s Medicaid Advisory Commission and the Governor.

- Emphasis on Primary Care. PACE primary care providers have a central role in delivering medical care and are key members of the interdisciplinary team that manages each participant’s care. PACE primary care providers coordinate all of their patients’ medical care regardless of where it is delivered or by whom – including care provided in the hospital and nursing home, when needed. PACE primary care providers know their patients. They know their medical conditions, their health care goals and they follow their patients over time and across settings. The concept of the medical home is an integral part of the PACE model.
- Prevention and Timely Intervention. Even though PACE participants match the profile of some of the costliest beneficiaries in both the Medicare and Medicaid programs, enrollees have better health and spend fewer days in hospitals than those in traditional fee-for-service. PACE providers improve upon the care these individuals receive by emphasizing preventive, primary and community-based care over avoidable high-cost specialty and institutional care. PACE

organizations are alternatives to fragmented, poorly coordinated care that focuses on volume rather than quality. With PACE, the result is greater independence, improved health, and far less need for hospital, emergency and long-term institutional care.

- Care Coordination. PACE truly integrates all health care by coordinating services over time and across delivery settings, including transitions between institutional and community-based care. The heart of a PACE program is a unique care delivery model that requires comprehensive assessment of all participants' needs and care management by an interdisciplinary team that includes doctors, nurses, therapists, social workers, dietitians, personal care aides, transportation drivers and others. PACE participants and their families also are integral members of the team, involved in the decision-making every step of the way. Each participant receives an individualized care plan that considers all needs – 24 hours a day, 7 days a week, 365 days a year. PACE providers deliver much of the care directly, enabling them to personally monitor participants' health and respond rapidly with any necessary changes. The PACE team also is responsible for managing services delivered by contract providers such as hospital and nursing home care, and medical specialty services. The PACE Center – a day health center that also includes a primary care clinic and rehabilitation area – is another important feature of the PACE model. In addition to providing a place to observe medical and social needs, it also facilitates communication and coordination among the care team members.
- Fully-Accountable for Cost and Quality. PACE organizations are fully responsible for the quality and cost of all care provided, both directly and through contracted providers, as well as, if it occurs, the consequences of not providing needed services. If revenues exceed costs for a given period, the excess is invested in improved services or reserved for future needs.
- Bundled Payments. PACE's bundled payment for all necessary care provides strong incentives to avoid duplicative or unnecessary services and encourages the use of appropriate community-based alternatives to hospital and nursing home care. Monthly fixed payments from Medicare, Medicaid and private-pay sources (for program participants not eligible for Medicaid) are used to provide the full range of needed health care services, from medical and social services, to long-term services and supports. These funds are pooled and care is provided following a comprehensive assessment of all participants' needs. In this way, the incentives of PACE organizations, and their participants and payers are aligned – something which often does not happen in the fee-for-service system, where payments are linked to individual units of reimbursable service.

PACE is a community-based managed care plan that works and we believe the Alabama Medicaid Commission should include in its recommendations to the Governor and Legislature that the State of Alabama should not only maintain the PACE program but call for it to be expanded and made available to all eligible Alabama citizens. The PACE model successfully achieves the Medicaid reform goals Alabama has set. It is a fully capitated, full-risk model that provides care for those who are the frailest and poorest among us. PACE accepts 100% responsibility for the cost and quality of care across all providers and settings. Focusing on preserving wellness and promoting quality, PACE participants experience lower rates of hospital utilization and nursing home dependence. And unlike some managed care plans, PACE organizations cannot shift the responsibility for providing care or incurring

cost to other providers or payers. Unlike other entities, PACE is prohibited from responding to payment reductions by altering program benefits or imposing premiums, deductibles or co-pays.

The fact is that PACE is fully accountable to patients, families and the government for the cost and quality of care, and has proven to achieve the results of better health outcomes with increased value. Many other States have experienced what Alabama is now going through. Many have had to reform their Medicaid programs to insure the programs sustainability while continuing to provide quality care to its citizens. Thirty states have done this to date. Of those thirty, nineteen have established PACE programs and all of them have chosen to keep and/or expand the PACE model. Why? Because it works! The basic fact remains – it is very difficult to effectively coordinate and manage the care of the “dual eligible” population, and Medicaid managed care plans are simply not equipped to do this. PACE programs are. We urge the commission to preserve this critical program ensuring its future success providing comprehensive and integrated health care services to seniors in our communities.

In closing, we request that the Commission recommend that the PACE program become an option alongside any managed care structure chosen by the Medicaid Program allowing PACE to grow and develop as it has in other States. We also request that the new managed care model contain provisions to allow PACE eligible members the option to disenroll at any time during the year so they may choose to be enrolled in PACE.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Jake Bell". The signature is fluid and cursive, with the first name "Jake" and last name "Bell" clearly distinguishable.

Jake Bell
President/CEO
Mercy Medical
251-621-4223